

LEASE AND AGREEMENT

This Lease and Agreement (the "Agreement"), dated as of April 14th, 1987, is made by and between Lone Star Industries, Inc., a Delaware corporation ("Lessor") and Ash Grove Cement West, Inc., a Nevada corporation ("Lessee").

1. INTRODUCTION.

1.1 Introduction. Lessor owns a cement terminal in Seattle, Washington that Lessee desires to lease for a period of years. Lessor and Lessee have agreed as to the terms of the lease of the terminal and as to certain other matters. The purpose of this Agreement is to specify the terms and conditions of the Lease and of the other matters agreed to.

1.2 Definitions.

"Adjustment Date" is defined in Paragraph 7.1.

"Agreement" means this Agreement as it may be supplemented or amended from time to time.

"Arbitrator" means an arbitral panel consisting of one arbitrator selected by each of Lessor and Lessee and a neutral arbitrator selected by the other arbitrators so selected. If the arbitrators selected by Lessor and Lessee cannot agree upon the selection of a neutral arbitrator, the latter shall be appointed in accordance with the rules of the American Arbitration Association. Each of Lessor and Lessee undertakes to select its arbitrator as provided above within thirty (30) days

of the receipt of a demand for arbitration. The arbitral panel will decide by majority vote. Any arbitration proceeding shall be conducted in accordance with the procedures of the American Arbitration Association, and the Arbitrator may, in its sole discretion, engage any other person or persons it considers necessary under the circumstances to assist it in resolving any dispute or disagreement arising under this Agreement.

"Books and Records" means the books and records of Lessor or Lessee relating to the Facilities.

"Capital Improvements" means expenditures in excess of \$25,000 for one project for additions, replacements, betterments, and improvements to the Facilities whether major or minor that may be capitalized under generally accepted accounting principles.

"Casualty Impairment" means a casualty loss involving a portion of the Facilities as a result of which repairs costing at least \$3 million in excess of available insurance proceeds must be made if Lessee is to continue using the Facilities economically and in a manner consistent with Lessee's use prior to the casualty loss.

"Condemnation Impairment" means a taking of a portion of the Facilities as a result of which at least \$3 million in excess of any insurance proceeds or condemnation award must be spent for repairs or reconstruction if Lessee is to continue using the Facilities economically and in a manner consistent with Lessee's use prior to the taking.

"Condemned" means, with respect to any property subject to this Lease, or interest therein, (a) taken for any public or quasi-public use under any law, ordinance, or regulation or by right of eminent domain, (b) sold to a condemning authority under threat of eminent domain, or (c) made inaccessible as a result of any action of the type referred to in clauses (a) and (b) above for such a period of time as to render the property or interest therein unsuitable in Lessee's reasonable estimation for the purpose for which it was used prior to the denial of access.

"Damage Date" is defined in Paragraph 2.13.4.

"Damages" is defined in Paragraph 9.2.

"Domestic Cement" is non-Foreign Cement.

"Domestic Cement Terminating Fee" is defined in Paragraph 2.4.

"Direct Foreign Cement Facilities Cost" is defined in Paragraph 2.4.

"Easements" means all tenements, hereditaments, appurtenances, easements, licenses, permits, authorizations, servitudes, and rights-of-way in any way appertaining, belonging, affixed, or incidental to or used in connection with the Facilities or the ongoing business, ownership, or operation of, and the storage and sale of cement from, the Facilities.

"Expected Life" is defined in Paragraph 2.10.

"Equipment" means all equipment and other

improvements and fixtures now or hereafter located on or attached to the Lands.

"Expiration Date" is defined in Paragraph 8.

"Facilities" means the cement terminal owned by Lessor in Seattle, Washington, including, without limitation, the loading dock and ramp on or attached to the Lands, the Lands, the Equipment, the Mobile Equipment, the Easements and the Personal Property.

"Final Payment Date" is defined in Paragraph

8.2.1.

"Foreign Cement" is defined in Paragraph 3.9.

"Foreign Cement Revenues" is defined in Paragraph

2.4.

"Improvements" has the same meaning as Equipment.

"Inventories" is defined in Paragraph 6.1.

"Lands" means that certain land more particularly described in Schedule 1.

"Lease" means the lease transaction described herein.

"Lease Year" means any period of twelve (12) consecutive calendar months commencing on the first day of the month following the date hereof and ending on the last day of the twelfth consecutive month thereafter during the Term of the Lease.

"Lessee's Foreign Cement Revenues" is defined in Paragraph 2.4.

"Lessee" means Ash Grove Cement West, Inc., a Nevada corporation, or its successors or assigns.

"Lessor" means Lone Star Industries, Inc., a Delaware corporation, or its successors or assigns.

"Lessor's Terminaling Fee" is defined in Paragraph 3.12.

"Liens" means liens, mortgages, pledges, security interests, encumbrances and rights of others of every type and description, including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give a security interest.

"Mobile Equipment" means the mobile equipment located on, at, or about the Facilities that is owned or leased by Lessor and used in connection with the operation of or the business conducted on, at, or about the Facilities. All such Mobile Equipment is described in Schedule 2.

"Net Margin on Terminal Operations" is defined in Paragraph 2.4.

"Permitted Encumbrances" means as of any given date (a) the Liens set forth in Schedule 3, except that the enforcement of any requirement that Lessee move materials to or from the Facilities by maritime means shall not be a Permitted Encumbrance, (b) easements, rights-of-way, restrictions, and other similar encumbrances, now or hereinafter conveyed that, in the aggregate, are not substantial in character or amount and do not materially detract from the value of the Facilities and do

not materially interfere with the ordinary conduct of the operations of the Facilities, (c) Liens representing mechanics', materialmen's, carriers', warehousemen's and other similar or statutory liens arising in the ordinary course of business that are not delinquent or are being contested in good faith, and (d) Liens for taxes or assessments that are not delinquent or are being contested in good faith.

"Personal Property" means all equipment and machinery (other than Equipment and Mobile Equipment) and other personal property located on, at, or about the Facilities that is owned or leased by Lessor and used in connection with the operation of or the business conducted on, at, or about the Facilities.

"Preliminary Expiration Date Payment" is defined in Paragraph 8.1.5(b).

"Preliminary Working Capital Payment" is defined in Paragraph 6.4.

"Primary Term" means the period commencing at 12:01 a.m., Pacific Standard Time, on the date hereof and terminating at 11:50 p.m., Pacific Standard Time, on the seventh (7th) annual anniversary of the last day of the month on which the Primary Term commences.

"Prime Rate" on any date shall mean the rate of interest publicly announced as in effect on that date by Seattle First National Bank as its prime rate in Seattle, Washington.

"Renewal Term" means each of the three (3) four (4) year periods with respect to each of which Lessee may exercise its option to renew this Lease as set forth in Paragraph 2.7.

"Rental" is defined in Paragraph 2.2.

"Rental Payment Dates" is defined in Paragraph 10.7.3.

"Selling, General, and Administrative Fee" is defined in Paragraph 2.6.

"Taking Date" is defined in Paragraph 2.13.1.

"Term" means the term for which the Facilities are leased hereunder, including the Primary Term and any Renewal Term, unless sooner terminated in accordance with the provisions hereof.

"Terminal Operating Cost" is defined in Paragraph 2.4.

2. LEASE

2.1 Demise, Term, and Rent. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Facilities for the Term of the Lease, subject only to Permitted Encumbrances. Lessee shall have the right to use the Facilities for the operation of a cement terminal and all other uses incident thereto and Lessee shall conduct its operations at the Facilities under its own name, using its own employees and in accordance with the standards set forth in Paragraph 3.6.

2.1.1 The Lands and an adjoining parcel of real property adjacent to the Lands as described on Schedule 8 ("Adjacent Property") are currently owned by Lessor. Lessor and Lessee agree to create, for the benefit and use of the other, any number of easements, rights-of-way, restrictions and other similar encumbrances located on the Lands or Adjacent Property for the purposes of access and any other reasonable purpose; provided; however, that no such easements, rights-of-way, restrictions and other similar encumbrances shall be created that materially interfere with the ordinary conduct of the operations of the Facilities, as currently conducted, or of the Adjacent Property.

2.2 Rent. Lessee agrees to pay to Lessor at the address set forth herein the sum of One Million One Hundred Thousand Dollars (\$1,100,000) as rental for each Lease Year, ("Rental") which Rental shall be payable in equal monthly installments in advance on the first day of each month ("Rental Payment Dates"). The first Rental payment shall be accompanied by a payment of additional rent equal to the amount obtained by multiplying the number of days Lessee has occupied the premises prior to the first Rental Payment Date times \$3,013.00. Lessor and Lessee intend that the Rental herein provided for be absolutely net to Lessor, the Lessee hereby agreeing to pay all costs and expenses associated with the ownership or operation of the Facilities other than income taxes payable by Lessor on account of the Rental received by Lessor.

2.3 Additional Rent Related to Net Margin on Terminal Operations. Lessee shall pay to Lessor as additional rent an amount equal to fifty percent (50%) of Lessee's Net Margin on Terminal Operations.

Additional rent payable pursuant to this paragraph 2.3 shall be computed quarterly based on Lessee's Books and Records and shall be paid to Lessor no later than the 15th day following each quarter in each Lease Year.

Each payment of additional rent pursuant to this Paragraph 2.3 shall be accompanied by a certificate of an officer of Lessee setting out the details of the computation thereof and certifying as to its accuracy. As soon as reasonably available following the end of Lessee's fiscal year, Lessee shall supply a statement of an independent public accounting firm certifying as to the accuracy of the computation of additional rent payable pursuant to this Paragraph 2.3 during such fiscal year of Lessee.

2.4 Net Margin on Terminal Operations. For purposes of this Agreement, Net Margin on Terminal Operations for any period shall be computed by subtracting from (x) Lessee's Foreign Cement Revenues for the period (y) the Terminal Operating Cost for the period. Lessee's Foreign Cement Revenues for a period are defined as the sum of (i) the amount paid to Lessee by purchasers of Foreign Cement from the Facilities in the period, (ii) the Domestic Cement Terminaling Fee during the period, and (iii) Lessor's Terminaling Fee due for the period. The Domestic Cement Terminaling Fee during the period is defined as the sum of

the following costs attributable to Domestic Cement sales at the Facilities during the period: (a) the actual direct costs of operating the Facilities during the period, (b) the actual miscellaneous costs at the Facilities during the period, including payments made for property taxes, insurance, insurance deductibles, permits, repair and maintenance, replacement of Mobile Equipment, Capital Improvements not paid for by Lessor, and any amounts paid pursuant to paragraph 3.8 (which shall be a miscellaneous cost at the time the relevant assets and property are utilized) and (c) the Rental during the period and any payments due for the period pursuant to Paragraph 2.10. The Terminal Operating Cost for the period is the sum of (i) Lessee's actual purchase price for all Foreign Cement sold during the period, (ii) the actual direct costs of operating the Facilities during the period, (iii) the actual miscellaneous costs at the Facilities attributable to all cement sales during the period, (iv) the Rental during the period and any payments due for the period pursuant to Paragraph 2.10, (v) the pro rata amount of the then effective Selling, General, and Administrative Fee, and (vi) the amount of any accounts receivable classified as uncollectible during the period. Costs referred to as "attributable" in this paragraph and elsewhere in this Agreement shall be calculated pro rata on the basis of the number of tons of the relevant type of cement delivered from the Facilities. If Net Margin on Terminal Operations for any period is a loss, the loss may be carried

forward to adjust Net Margin on Terminal Operations for subsequent periods.

2.5 Additional Rent Related to Sales of Domestic Cement.

Should sales of Foreign Cement by Lessee in any Lease Year be less than seventy-five percent (75%) of its total sales of cement from the Facilities, Lessee shall pay to Lessor as additional rent within 20 days of the end of any such year an amount equal to (x) the actual per ton Domestic Cement Terminating Fee for such year times (y) an amount equal to each ton of Domestic Cement sold in excess of twenty-five percent (25%) of total cement sales in such year at the Facilities.

Lessee shall furnish Lessor with a certificate of an officer of Lessee showing the details of its annual cement sales within 20 days of the end of each Lease Year, based on Lessee's Books, accompanied by a reasonably detailed computation of such additional rent and certifying as to the accuracy of such computation. As soon as practicable after the end of Lessee's fiscal year, Lessee shall provide a statement of an independent public accountant verifying the accuracy of the officer's certificate.

2.6 Selling, General, and Administrative Fee. The Selling, General, and Administrative Fee shall be computed annually. The Selling, General, and Administrative Fee shall be \$600,000 for the first lease year. At the end of each Lease Year, the Selling, General, and Administrative Fee shall be

adjusted as provided in this paragraph, and Lessee shall give Lessor written notice specifying the amount of the adjusted fee. At the end of each Lease Year, the Selling, General, and Administrative Fee then in effect shall be increased by the percentage by which the revised consumer price index, all urban consumers, Seattle, or any successor index published by the United States Department of Labor, has increased during the Lease Year. [5/1 - 4/30 (lease year)]

2.7 Renewal Options. Lessor hereby grants to Lessee an option to extend the Term of the Lease for four (4) Renewal Terms on the same terms, provisions and conditions set forth for the Primary Term of the Lease, including Rental, each for a period of three (3) years commencing on the expiration of the Primary Term or the then current Renewal Term, as the case may be. This option shall be exercised by Lessee by delivery of written notice to that effect to Lessor not less than four (4) months prior to the expiration of the Primary Term or Renewal Term, as the case may be.

2.8 Repair and Maintenance. Lessee shall keep the Facilities in good order and good operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof, structural and nonstructural. On the last day of the Term of the Lease, Lessee shall surrender the Facilities to Lessor in as good condition as they are in on the date hereof, ordinary wear and tear alone excepted.

2.9 Taxes, Utilities, and Other Obligations. Lessee shall pay and discharge all taxes, general and special assessments, and other charges levied on or assessed against the Facilities which become payable during the Term of the Lease (whether levied or assessed before or after the date hereof), except such taxes, assessments, or other charges as Lessee in good faith contests. Lessee shall pay all charges for gas, electricity, and other utilities used in or on the Facilities during the Term of the Lease and all other obligations incurred by Lessee with respect to the Facilities during the Term of the Lease, except such charges and obligations as Lessee in good faith contests. Notwithstanding the foregoing, Lessee agrees that (a) the indemnity provisions set forth in Paragraph 9.2 shall be applicable to any action taken by it pursuant to this Paragraph 2.9, (b) it will take no action pursuant to this Paragraph 2.9 that would expose the Facilities to a material risk of foreclosure or material curtailment of operations, and (c) it will advise Lessor not later than ten (10) days prior to the date upon which any appeal of a proposed property tax increase respecting the Facilities must be made and will, if it fails to contest such increase in a manner reasonably acceptable to Lessor, afford Lessor the opportunity to appear and contest any such increase.

2.10 Alterations. Lessee shall not make any (a) material handling equipment changes, (b) structural alterations, or (c) Capital Improvements or other alterations having a cost in

excess of \$500,000 without first having obtained Lessor's written consent, which shall not be unreasonably withheld. Lessee shall request Lessor's consent in writing accompanied by a detailed description of the proposed Capital Improvements, changes or alterations which shall show the expected cost thereof. Except as aforesaid Lessee shall have the right to construct such alterations, additions, improvements, and fixtures as Lessee deems necessary or desirable for the operation or conduct of its business at the Facilities; provided, however, that any alterations, additions, improvements or fixtures constructed by Lessee without Lessor's prior written consent shall be removed prior to the date of termination of the Lease upon request from Lessor to do so and, in such event, Lessee shall restore the Facilities to the same configuration they were in prior to the construction of such alterations, additions, improvements and fixtures. All alterations, additions, improvements and fixtures constructed by Lessee shall be made in a good and workmanlike manner in accordance with all applicable laws, codes, ordinances, rules and regulations. If Lessee makes a Capital Improvement under \$500,000 without Lessor's consent, no breach of this Lease shall be deemed to have occurred, but Lessee shall lose any right to reimbursement by Lessor unless consent was unreasonably withheld.

All Capital Improvements consented to by Lessor shall be paid for by Lessor. After completion of a Capital Improvement and until the end of the Expected Life of the Capital Improvement or termination or expiration of this Lease, whichever

occurs first, Lessee shall pay Lessor additional quarterly rent at the times specified in paragraph 2.3 in the amount calculated in accordance with the terms of this paragraph 2.10. At the time Lessee requests Lessor's consent to a Capital improvement, Lessee and Lessor shall agree upon the Expected Life of the Capital Improvement; in case of inability to agree, the Expected Life for the Capital Improvement shall be deemed to be the period over which the cost of the Capital Improvement could be completely depreciated by Lessor for federal income tax purposes. The amount of the additional quarterly rent shall be that amount which will amortize the cost of the Capital Improvement over the Expected Life in equal quarterly payments at an interest rate equal to the Prime Rate in effect on the date the capital Improvement is completed plus one percent per annum.

2.11 Inspection Rights.

2.11.1 Lessor. Lessee shall permit Lessor and its agents to enter into and upon the Facilities (or if the Lease has terminated, the appropriate corporate offices of Lessee to the extent expressly provided in this Paragraph 2.11.1) at Lessor's sole expense at all reasonable times, upon at least forty eight (48) hours notice unless otherwise consented to by Lessee, so long as there is no unreasonable interference with the business of Lessee, for the purpose of (a) verifying, during the Term of the Lease, that all necessary maintenance and other obligations undertaken by Lessee are being effected in compliance with the terms of this Agreement, (b) securing at any time and

from time to time copies of such records, books and documents relating to the Facilities, the assistance or testimony of employees, and such other information as, in Lessor's judgment, may be reasonably necessary in connection with (i) the preparation of any report, filing, or financial statement, or (ii) any litigation, controversy, or dispute, in each case relating to the operation of the Facilities prior to the date hereof, or (c) inspecting, during the Term of the Lease and for a period of two (2) years after its termination, Lessee's books relating to the Facilities in order to verify the accuracy of information submitted by Lessee to Lessor pursuant to this Agreement. The access and information provided pursuant to clause (b) shall be supplied to Lessor without charge (other than reasonable duplication expenses), and Lessee shall upon reimbursement for its reasonable expenses (including appropriate salary and overhead allocations), prepare, as an accommodation to Lessor and without any liability for the accuracy or completeness thereof, such reports and financial statements referred to in clause (b) as Lessor may reasonably request.

2.11.2 By Prospective Purchasers. During the last four months of the Term of the Lease, Lessee will permit inspection of the Facilities by any prospective purchaser of the Facilities from Lessor. All such inspections shall be at the sole expense of Lessor or the proposed purchaser (but without charge by Lessee other than for reasonable duplication expenses).

2.12 Insurance.

2.12.1 Coverage. Lessee agrees to and shall maintain during the Term of the Lease, the following insurance coverages either, at Lessee's option, through Lessor or secured from a company or companies that are Best approved with an "A" or better rating and are duly authorized to do business in the State of Washington.

(a) All risk property damage insurance (including perils of earthquake and flood) covering the Facilities in an amount at least equal to the replacement cost thereof;

(b) Comprehensive general liability insurance (including contractual liabilities) covering the operations of the Facilities with bodily injury and damage limits of not less than \$100,000,000 for each occurrence, \$100,000,000 aggregate;

(c) Statutory workman's compensation and other employee liability insurance as required by law; and

(d) Business interruption insurance providing for a coverage period of not less than one (1) year and loss coverage sufficient to pay all amounts required to be paid by Lessee hereunder (including, but not limited to, Rental and taxes).

Lessee shall not be required to insure cement owned by Lessor that is stored at or processed through the Facilities. If Lessee requests Lessor to maintain the insurance called for hereunder and Lessor agrees to provide such coverage, Lessee shall pay to Lessor Lessor's costs

attributable to such coverage promptly upon receipt of a reasonably detailed statement showing the costs of such coverage.

2.12.2 Special Provisions.

(a) All coverages may have reasonable deductibles or retentions (not to exceed Two Hundred Fifty Thousand Dollars (\$250,000)) which will be for the account of Lessee. The policies referred to in subparagraphs (a) and (b) of Paragraph 2.12.1 shall name Lessor as an additional insured (including contractual liabilities). The all risk property damage policy and business interruption insurance policy shall name Lessor and Lessee as joint loss payees as their interests may appear in respect of all losses.

(b) Each policy shall expressly provide that the policy shall not be cancelled or materially altered without thirty (30) days prior notice to Lessor. Lessee shall deliver to Lessor certificates of insurance reasonably satisfactory to Lessor evidencing the existence of all insurance policies required to be maintained by Lessee hereunder and, upon request of Lessor, a copy of each of such policies.

2.12.3 Release and Waiver of Subrogation. To the extent permitted by the laws and insurance regulations of the State of Washington, Lessee and Lessor each hereby waive and release, and agree to have their respective insurers waive and release, any and all claims, demands, and causes of action such party or its insurers might have against the other, its officers, employees, agents, or contractors, for claims arising out of or

relating to loss, damage or injury to persons (including death) or property or interruption of business, regardless of whether such damage or loss is occasioned by the negligence of either party or of its officers, employees, agents, or contractors.

2.13 Condemnation; Damage or Destruction.

2.13.1 Total Taking. If during the Term of the Lease, all or substantially all of the Facilities shall be Condemned, this Lease shall terminate effective as of the date of the taking of the Facilities by, or the date of the sale to, the condemning authority ("Taking Date").

2.13.2 Partial Taking. If during the Term of the Lease less than all or substantially all of the Facilities shall be Condemned, the following provisions shall apply:

(a) If the taking constitutes a Condemnation Impairment, Lessor and Lessee shall each have the option, exercisable for a period of 30 days following the Taking Date, to terminate the Lease.

(b) If neither Lessor nor Lessee exercises its option to terminate the Lease, or if the partial taking does not constitute a Condemnation Impairment, the provisions of this paragraph (b) shall apply. Lessee shall restore and reconstruct the Facilities as expeditiously as possible at Lessor's expense. The portions of the Facilities so restored and reconstructed are the property of Lessor, except to the extent that they replace any assets owned by Lessee, in which event they shall be the property of Lessee.

(c) If the partial taking impedes Lessee's ability to process cement through the Facilities, for the period of time between the Taking Date and until the Facilities have been restored, the base rent payable pursuant to paragraph 2.2 and any additional rent being paid pursuant to paragraph 2.10 shall be reduced in the same percentage as the volume of cement that can be delivered to and sold from the Facilities in any month is reduced on account of the partial taking unless Lessee is otherwise compensated for such reduced volume. If rent payable by Lessee is reduced pursuant to this paragraph 2.13.2, and Lessee is subsequently compensated for any reduced volume of cement, Lessee shall pay Lessor, to the extent of such compensation, the amount by which the rent was reduced.

2.13.3 Awards. Lessor and Lessee shall each be entitled to receive and retain such separate awards and portions of lump sum awards as may be allocated to their respective interests in any condemnation proceedings. In apportioning any condemnation award between Lessor and Lessee, the following factors shall be considered: Proper consideration shall be accorded to the respective values of the assets owned by Lessor and Lessee involved in the taking, and, for that purpose, alterations made by Lessee at its own cost shall be deemed owned by Lessee notwithstanding the early termination of this Lease. Lessee shall be entitled to that portion of any condemnation award that shall be allocated to Lessee for loss of any leasehold advantage.

2.13.4 Total Destruction. If during the Term of the Lease all or substantially all of the Facilities shall be destroyed by fire or other casualty, the Lease shall terminate, effective as of the date of destruction or damage.

2.13.5 Partial Destruction. If during the Term of the Lease less than all or substantially all of the Facilities shall be destroyed by fire or other casualty, the following provisions shall apply:

(a) If the casualty loss constitutes a Casualty Impairment, Lessor and Lessee shall each have the option, exercisable for a period of 30 days following the occurrence of the casualty loss ("Damage Date"), to terminate the Lease.

(b) If neither Lessor nor Lessee exercises its option to terminate the Lease, or if the casualty loss does not constitute a Casualty Impairment, the provisions of this paragraph (b) shall apply. Lessee shall restore and reconstruct the Facilities as expeditiously as possible with all insurance proceeds and such other funds of Lessor as may be required. The portions of the Facilities so restored and reconstructed are the property of Lessor, except that replacements of assets owned by Lessee shall be the property of Lessee. Any excess insurance proceeds shall be the property of Lessor. Lessee agrees to give Lessor prompt written notice of any casualty loss that could reasonably be expected to have a cost of restoration or repair in excess of \$100,000.

(c) If the partial destruction impedes Lessee's ability to process cement through the Facilities, for the period of time between the Damage Date and until the Facilities have been restored, the base rent payable pursuant to paragraph 2.2 and any additional rent being paid pursuant to paragraph 2.10 shall be reduced in the same percentage as the volume of cement that can be delivered to and sold from the Facilities in any month is reduced on account of the partial destruction unless Lessee is otherwise compensated for such reduced volume. If rent payable by Lessee is reduced pursuant to this paragraph 2.13.5, and Lessee is subsequently compensated for any reduced volume of cement, Lessee shall pay Lessor, to the extent of such compensation, the amount by which the rent was reduced.

2.14 Certain Covenants of Lessor. Lessor covenants and agrees that it holds good title to the Facilities, subject only to Permitted Encumbrances, and it shall on the date hereof place Lessee in quiet possession of the Facilities and shall maintain Lessee in quiet possession thereof against all persons lawfully claiming the same during the Term of the Lease.

2.15 Default. If Lessee fails to make any payment of Rental or additional rental due under this Lease after five (5) days notice from Lessor that such rental payment is past due or shall remain in default under any material provision of this Lease and shall not have commenced in good faith to cure such default for a period of thirty (30) days after notice from Lessor

and continued to diligently prosecute such cure to completion, or should any person other than Lessee secure possession of the Facilities or any part thereof, by reason of any receivership or bankruptcy proceeding, and such receivership or bankruptcy proceeding shall not have been withdrawn or dismissed within thirty (30) days of its institution or should the Facilities be abandoned by Lessee, Lessor may, at any time during which such default, receivership, bankruptcy or abandonment continues, at its option and without further notice to Lessee, continue the Lease, terminate the Lease, collect, by suit or otherwise, each installment of Rental or additional rental or other sums as they become due hereunder or enforce by suit or otherwise any term or provision of this Lease required to be performed by Lessee, accelerate the base Rental specified in Paragraph 2.2 due during the remainder of the Term of the Lease, or reenter and take possession of the Facilities and remove all persons and property therefrom and relet the Facilities, or any part thereof, for all or any portion of the remaining Term of the Lease, to a party satisfactory to Lessor, and at such rental as Lessor may with reasonable diligence be able to secure. Should Lessor so reenter and be unable to relet after reasonable efforts to do so, or should such rental be less than the base Rental specified in Paragraph 2.2 that Lessee was obligated to pay during the remainder of the then effective term of this Lease, plus the expense of reletting, then Lessee shall pay the amount of such deficiency to Lessor. If Lessee fails to perform any agreement

or obligation on its part to be performed under this Lease, Lessor shall have the right (i) if no emergency exists to perform the same after fifteen (15) days notice to Lessee; and (ii) in any emergency, to perform the same immediately without notice or delay. For purposes of rectifying Lessee's defaults as aforesaid, Lessor shall have the right to enter the Facilities. Lessee shall on demand reimburse Lessor as additional rent for the costs and expenses incurred by Lessor in rectifying Lessee's defaults as aforesaid, including reasonable attorneys' fees. Except for gross negligence by Lessor, Lessor shall not be liable or in any way responsible for any loss, inconvenience, annoyance or damage resulting to Lessee or anyone holding under Lessee for any action taken by Lessor pursuant to this paragraph. Lessor's inaction shall not constitute a waiver of any default by Lessee or a waiver of any covenant, term or condition herein contained or performance thereof. All rights and remedies of Lessor under this Lease shall be cumulative, and none shall exclude any other right or remedy at law, except to the extent that certain procedural rights are limited by Paragraph 10.5. Such rights and remedies may be exercised and enforced concurrently and whenever and as often as occasion therefore arises.

2.16 Assignment and Sublease. Lessee may not assign this Lease, or sublet all or any portion of the Facilities, or subject all or any portion of the Facilities to any Lien (except for inchoate liens that are not delinquent), in each case without the prior written consent of Lessor; provided, however, that

nothing in this Paragraph 2.16 shall prohibit the Lessee from transferring all or substantially all of its properties to a corporation, person, or other entity, provided such successor is at least as financially responsible as Lessee is immediately prior to such transaction and such successor assumes all of the liabilities, obligations, and duties of Lessee under this Lease. Subject to Paragraph 2.18, Lessor may sell or assign this Lease or the Facilities subject to this Lease to any purchaser or assignee that expressly assumes Lessor's liabilities, obligations, and duties under this Agreement, and in either event Lessor shall be released from its liabilities, obligations, and duties under this Agreement.

2.17 Force Majeure. Neither Lessor nor Lessee shall be required to perform any term, condition, or covenant in this Lease (other than those requiring the payment by Lessee or Lessor of Rental or other money) during such period as such performance is delayed or prevented by force majeure, which shall mean acts of God, strikes, lockouts, material or labor restrictions by any governmental authority, civil riot, floods, and any other cause (other than the nonavailability of cash) not reasonably within the control of Lessor or Lessee and which by the exercise of due diligence Lessor or Lessee is unable, wholly or in part, to prevent or overcome, provided that the party claiming the existence of an event of force majeure gives notice thereof to the other party hereto within five (5) business days after such event first occurs.

2.18 Lessee's First Opportunity to Purchase.

Lessee shall have a right of first opportunity to purchase the Facilities as follows:

Provided that Lessee shall not be in default in its duties and obligations under this Lease, not less than sixty (60) days prior to entering into any agreement with an unrelated third party for the sale of all or any substantial portion of the Premises Lessor shall advise Lessee in writing of:

- (A) Lessor's willingness to sell the Facilities;
- (B) The purchase price which Lessor will accept for the Facilities;
- (C) The terms of payment of the purchase price (if other than all cash at closing); and
- (D) The approximate proposed closing date.

If Lessee is desirous of purchasing the Facilities on the terms set forth in Lessor's Notice it shall notify Lessor thereof in writing within a sixty (60) day period commencing on the date of Lessor's notice and Lessor and Lessee shall commence negotiations toward the preparation and execution of an agreement for sale by Lessor to Lessee of the Facilities on said terms. If Lessee fails to notify Lessor of its desire to purchase the Facilities within said sixty (60) day period or if Lessee does so notify Lessor but an agreement for sale is not executed between Lessor

and Lessee within twenty-one (21) days following Lessee's notice for any reason whatsoever (other than Lessor's arbitrary refusal or failure to conduct good faith negotiations with Lessee regarding the proposed agreement for sale), then in either such event, Lessor may at any time within six months (6) following the expiration of said sixty (60) day or twenty-one (21) day period, respectively, enter into a contract with any third party for the sale of the Facilities, subject to this Lease, at any price not less than ninety percent (90%) of that set forth in Lessor's notice to Lessee (without regard to broker's commissions if any) and on any other terms and conditions acceptable to Lessor, without any further duty or obligation to Lessee provided that the purchaser has assumed Lessor's obligations hereunder. Upon consummation of such third party sale, all rights of Lessee under this subparagraph (a) shall cease and terminate. The foregoing shall not be construed as a grant of right of first refusal to Lessee and Lessor shall have no obligation to submit to Lessee any offers to purchase, or notices or other documents which Lessor may receive. Lessee shall have no right to purchase the Facilities except as specifically provided herein.

Notwithstanding anything contained herein to the contrary, in the event of any breach or alleged breach by Lessor of its obligations under this subparagraph (a), Lessee's sole remedy on account thereof shall be a claim against Lessor for money damages (including, without limitation, a claim for consequential, incidental, exemplary, and other damages if available). Lessee

hereby waives any claim or right to specific performance, temporary restraining order, injunction or other equitable remedy.

Should Lessee not exercise its right of first opportunity and should Lessor thereupon sell the Facilities to a third party, Lessor agrees that the agreement of sale shall provide that, after such sale and during the term of the Lease, Lessee will be responsible for the purchase of all cement sold at or through the Facilities. After such a sale and during the term of the Lease, Lessor will purchase and Lessee will sell on competitive terms, no less than twenty percent (20%) of Lessor's annual bulk cement requirements for Lessor's Seattle, Washington ready-mix operations.

It is understood and agreed that Lessee's first opportunity to purchase the Facilities shall not include any transfer by Lessor of its interest in the Facilities to a joint venture in which Lessor has, or acquires a fifty percent (50%) interest, provided that (i) at the time of such transfer such joint venture agrees to be bound by all the provisions of this Agreement as if it was a party hereto, (ii) Lessor's Washington and Oregon operations are transferred to such joint venture as part of the same transaction, and (iii) that the joint venture agreement gives Lessor sole authority to manage the Facilities and to bind the joint venture with respect to this Lease.

2.19 Memorandum of Lease. Lessor and Lessee shall

execute a short form memorandum of this Lease for recording in Seattle, Washington, but this Lease shall not be recorded.

3. ADDITIONAL COVENANTS AND AGREEMENTS OF LESSOR AND LESSEE. Lessor and Lessee additionally covenant and agree as follows:

3.1 Mobile Equipment. Lessee agrees to replace the Mobile Equipment if and when Lessee, in its reasonable discretion, deems such replacement to be appropriate. In connection therewith, Lessor agrees to permit Lessee to sell any of the Mobile Equipment that Lessee intends to replace, to tender the proceeds of any such sale that Lessor receives to Lessee and to take all such actions (including the execution of bills of sale and transfer of title documents) believed by Lessee to be reasonably necessary to effectuate the foregoing.

3.2 Operation of Facilities. Lessor acknowledges and agrees that, except as otherwise expressly provided herein and subject to the obligations of Lessee hereunder, Lessee shall have full and complete working and operational control of the Facilities and all activities there during the Term of the Lease. Lessor and Lessee acknowledge and agree that they are not, by entering into this Agreement, entering into a joint venture or partnership.

3.3 Permits and Authorizations. Lessor will notify, as reasonably requested by Lessee, all governmental regulatory authorities and cooperate with Lessee in obtaining the issuance by each such authority of such permits, licenses, and

authorizations, as may be necessary for Lessee to lease and operate the Facilities during the Term of the Lease.

3.4 Effect Filings. Lessor will timely make any filings and give any notices required in connection with the commencement of the Term of the Lease in accordance with the terms of this Agreement.

3.5 Delivery of Books and Records. Contemporaneously herewith, Lessor is delivering to Lessee (a) the Books and Records (b) all drawings, documents, specifications, and other information regarding the design, construction and operation of the Facilities, and (c) such other of Lessor's records as specifically relate to sales of cement from the Facilities, operation of the Facilities, and ongoing ownership of the Facilities. Lessee will not dispose of or destroy any books, records or other documents transferred to it pursuant to this Paragraph 3.5 unless it shall have given Lessor ninety (90) days notice of the proposed disposal or destruction. Lessor shall have the right to obtain, at its sole cost, any records sought to be disposed of or destroyed by Lessee. Lessee agrees that during the Term of the Lease Lessee will maintain comparable books, records and other documents relating to the Facilities and Lessee's operation thereof.

3.6 Operation of the Facilities. During the Term of the Lease, Lessee will continuously operate the Facilities in accordance with all applicable statutes, laws, ordinances, codes, and all rules and regulations of governmental authorities or

agencies and insurers, and will comport with usual and customary safe and sound operating practices in the industry for cement terminals. Lessee will not commit or suffer to be committed any waste in or upon the Facilities.

3.7 Maintenance of Books & Records. Lessee will maintain its Books and Records and such other records as are delivered to Lessee by Lessor in the manner in which a prudent operator of a cement terminal would maintain them.

3.8 Sales Taxes. Lessee will pay the amount of any sales, use or excise taxes imposed by reason of the sale, transfer, assignment, lease, or conveyance of assets and property from Lessor to Lessee. To the extent required by law, Lessor will collect the tax from Lessee and prepare and file tax reports for the aforementioned taxes. If the sale, transfer, assignment, lease or conveyance of assets and property contemplated by this Agreement is exempt from a tax upon the filing of appropriate certificates or other evidences of exemption, Lessee will timely furnish to Lessor such certificates or other evidences of exemption. The provisions of this Paragraph 3.8 will be applicable to the transfer pursuant to Section 6 of other items to Lessee.

3.9 Purchase of Cement for Facilities by Lessor. Lessor shall purchase all cement delivered to the Facilities for resale which is manufactured outside the United States ("Foreign Cement") except that Lessee may purchase Foreign Cement from the Tilbury British Columbia cement plant of Genstar, Ltd. or the

Richmond, British Columbia plant of Lafarge Coppee. Lessor shall also arrange for the shipment of any Foreign Cement purchased by it to the Facilities.

Lessee shall advise Lessor no later than 30 days before the end of each Lease Year of its expected monthly Foreign Cement needs for the next Lease Year, specifying quantity, type, minimum acceptable specifications, and the portions to be purchased from Genstar and Lafarge. Lessee shall advise Lessor of any change in its expected monthly Foreign Cement needs for each month, no later than sixty (60) days prior to the first day of such month. Lessor shall arrange to purchase the non-Genstar and non-Lafarge sourced Foreign Cement needs of Lessee on the most favorable terms obtainable. Lessor shall promptly advise Lessee in writing of such terms of purchase and shall specify the date on which payment for such cement will be made by Lessor. Within five days (5) of receipt of such notice of the terms of purchase, Lessee may advise Lessor that the terms are unacceptable, in which case Lessor will obtain modified terms as specified by Lessee, if possible, or cancel the order. Lessee shall purchase the cement procured by Lessor, provided that Lessee shall not be required to purchase any cement not meeting the minimum specifications or in excess of the quantity specified by Lessee for the month in which such cement is delivered. Title to the cement and risk of loss shall pass to Lessee at the time the cement is unloaded at the Facilities. Lessee shall pay Lessor by inter-bank wire transfer an amount equal to the payment

made by Lessor to the foreign supplier, plus the cost of shipping and insurance, upon Lessor's presenting to Lessee evidence of payment to the foreign supplier (or shipper), bills of sale, and other appropriate documents to evidence the sale of cement to Lessee. If a shipment includes cement that is to be retained by Lessor, Lessee shall reimburse Lessor for shipping and insurance costs pro rata on the basis of the number of tons sold to Lessee.

If Lessor fails to supply Lessee's Foreign Cement needs as specified in this paragraph 3.9, Lessee may purchase such Foreign Cement directly and may increase the amount of Domestic Cement processed through the Facilities without liability under paragraph 2.5.

3.10 Lessee's Purchase of Foreign Cement. Should Lessee purchase Foreign Cement from the Tilbury British Columbia cement plant of Genstar, Ltd. or the Richmond, British Columbia cement plant of Lafarge Coppee as provided in Paragraph 3.9, it shall furnish Lessor within ten (10) days of the end of any Lease Year in which such purchases occur with an officer's certificate setting forth in reasonable detail the direct unloaded cost per ton of all cement so purchased as shown on Lessee's Books and Records. If the direct unloaded cost per ton of Foreign Cement purchased by Lessee exceeds the direct unloaded cost per ton for which Lessor could have purchased Foreign Cement for the Facilities (as set out in reasonable detail on an officer's certificate of Lessor which shall be furnished to Lessee within ten (10) days of the receipt of the officer's certificate of

Lessee referred to in the preceding sentence) Lessee shall pay to Lessor as additional rent an amount equal to fifty percent (50%) of the difference between (x) Lessor's average unloaded cost of cement for the year as shown on Lessor's officer's certificate and (y) the cost of the cement actually purchased by Lessee, within ten (10) days of receipt of Lessor's officer's certificate.

3.11 Lessor's Cement. Prior to the unloading of a shipment of Foreign Cement, Lessor shall give Lessee written notice of the amount of such cement that is to be retained by Lessor. Lessee shall unload, store and ship for Lessor, cement retained by Lessor and Lessee agrees to keep accurate records showing the amount of Lessor's cement available at the Facilities at any time and the direct unloading and operating costs of the Facilities attributable to such cement. Lessee shall furnish Lessor with a reasonably detailed monthly statement thereof. Lessee shall not encumber in any way Lessor's cement, it being recognized however that cement is a fungible product and that Lessee shall not be required to keep separate any cement owned by Lessor from its own cement.

3.12 Lessor's Terminaling Fee. For cement owned by Lessor and shipped from the Facilities, Lessor shall pay to Lessee quarterly, at the times specified in paragraph 2.3, a Lessor's Terminaling Fee equal to the total of (i) the actual direct unloading costs, (ii) operating costs at the Facilities attributable to such cement, (iii) the attributable share of

property tax, insurance and permit costs, and (iv) the attributable share of the Rental. In computing Lessor's Terminaling Fee, Lessor is not to be charged any portion of the Selling, General and Administrative Fee for any of its cement which is shipped from the Facilities. Lessee shall bill Lessor within ten (10) days of the end of each quarter for the Lessor's Terminaling Fee accompanied by a reasonably detailed computation of such fee.

3.13 Lessor's Ready-Mix Operations. Lessor agrees to use the Facilities as the source of all of its Seattle, Washington ready-mix bulk cement requirements of Foreign Cement other than cement purchased by Lessor from Genstar Ltd. or Lafarge Coppee.

Lessor agrees to purchase at least twenty percent (20%) of its annual bulk cement requirements of its Portland, Oregon ready-mix operations from Lessee and Lessee agrees to sell such cement to Lessor on competitive terms.

3.14 Lessor's Cement Sales. Lessor agrees not to sell cement within 100 miles of the Facilities during the Term of the Lease. In the event Lessor terminates the Lease (except upon the occurrence of a default by Lessee), such restriction on cement sales by Lessor shall continue in full force and effect until the date on which the Term of the Lease then in effect would have expired but for such termination.

7 yrs from 4/15/87
or 4/14/94

In the event Lessee terminates the Lease, other than on account of Lessor's default, or if the Lease is

terminated by Lessor on account of a default by Lessee, the restriction on the sale of cement by Lessor under this Agreement as well as under the separate covenant contained in the Agreement arising from the 1983 sale by Lessor of its Seattle cement plant to Lessee (the "1983 Agreement") shall also terminate and Lessor shall be free to sell cement within 100 miles of the Facilities and within 100 miles of its former Seattle cement plant without restriction.

Lessor has acquired the Seattle, Washington ready-mix concrete and packaged building materials businesses of Riedel International, Inc. ("Riedel"). Despite anything in this Agreement or in the 1983 Agreement to the contrary it is agreed that Lessor may package and sell bagged Portland cement to Lessor's ready-mix customers and customers of its building materials businesses.

3.15 Oil Well Cement. Lessee agrees to sell oil well cement produced at cement plants operated by it to Lessor on competitive terms. Lessor shall advise Lessee every six (6) months in detail of its expected needs for oil well cement.

3.16 Use of Facilities. If Lessee renews the Lease at the end of the Primary Term, Lessee agrees to the extent feasible to thereafter use the Facilities for all cement sold by it in the Seattle area.

3.17 Termination of Lease. Lessee may terminate the Lease upon sixty (60) days written notice to Lessor in the event

that any federal or state law or regulation prohibits the use of Foreign Cement in any state supplied from the Facilities.

Either Lessor or Lessee may terminate the Lease upon sixty (60) days written notice to the other if the (i) cost of Foreign Cement at the Facilities results in a negative margin (meaning that no rent is due under paragraph 2.4) for three (3) consecutive months and it reasonably appears such situation will continue or (ii) Lessor fails to arrange for the shipment of Foreign Cement as requested by Lessee for a period of six (6) consecutive months.

4. REPRESENTATIONS AND WARRANTIES OF LESSOR. Lessor represents and warrants as follow:

4.1 Organization; Authorization and Validity of this Agreement. Lessor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to own or lease the Facilities and the other properties used or held for use in connection therewith or subject to this Agreement, to conduct the business related thereto as presently conducted by it, to enter into this Agreement and to carry out the transactions contemplated hereby. Lessor is qualified to do business as a foreign corporation and is in good standing under the laws of the State of Washington. The execution and delivery of this Agreement, and all other agreements, documents and instruments that may be executed and delivered by Lessor in connection with the transactions contemplated by or related to

this Agreement, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary corporate action on the part of Lessor, and this Agreement is, and all such other agreements, documents, and instruments, when executed and delivered on behalf of Lessor, will be, valid and binding obligations of Lessor enforceable in accordance with their respective terms.

4.2 Lands and Easements. Schedule 1 accurately describes the Lands and Easements (other than permits). Lessor has good and indefeasible title to the Lands free and clear of all Liens except Permitted Encumbrances. Lessor's liability under this Paragraph 4.2 with respect to title to Lands shall be limited to claims asserted by persons claiming by, through, or under Lessor but not otherwise. If any other claim materially interfering with its use of the Facilities is asserted with respect to title to Lands, Lessee may terminate this Lease at its option.

4.3 Equipment and Personal Property. Lessor owns good title to the Equipment and Inventories being leased or sold hereunder, free and clear of all Liens except Permitted Encumbrances and has the right to lease and sell the same to Lessee.

4.4 Licenses and Permits. To the best knowledge and belief of Lessor, Schedule 7 accurately lists all required governmental permits, licenses, authorizations, and approvals relating to environmental matters in connection with the

occupation, and operation of the Facilities. To the best knowledge and belief of Lessor and except as set forth in Schedule 7, Lessor has secured all other material governmental permits, licenses, authorizations, and approvals required to occupy and operate the Facilities as they are currently occupied and operated under applicable laws, rules, or regulations of all federal, state, county, municipal, and local governmental authorities.

4.5 Zoning and Land Use. To the best knowledge and belief of Lessor, none of the assets constituting a part of the Facilities is in violation of any zoning, land use, building code or similar law applicable to such assets or the Facilities and none of such assets contravenes any applicable deed restriction.

5. REPRESENTATIONS AND WARRANTIES OF LESSEE.

5.1 Organization, Authorization and Validity. Lessee represents and warrants as follows: Lessee is a duly organized and validly existing corporation under the laws of the State of Nevada, and has all requisite power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. The execution and delivery of this Agreement and all other agreements, documents, and instruments that are being executed and delivered by Lessee on the date hereof in connection with the transactions contemplated by or related to this Agreement, and the consummation of the transaction contemplated hereby and thereby, have been duly and validly authorized by all necessary corporate action on the part of Lessee, and this

Agreement is, and all such other agreements, documents, and instruments, when executed and delivered on behalf of Lessee, will be, valid and binding obligations of Lessee enforceable in accordance with their respective terms.

6. ACQUISITION OF CERTAIN ITEMS.

6.1 Inventories. Contemporaneously herewith, Lessee is purchasing the bulk cement (except that portion being retained by Lessor), spare parts and supplies situated at the Facilities on the date hereof ("Inventories"), for a price equal to the lower of (x) Lessor's costs thereof as shown on its Books and Records or (y) the market value thereof. ^{NAV?} Lessor shall execute and deliver to Lessee such bills of sale or other instruments of transfer as may be required to vest title to the Inventories in Lessee, in form reasonably satisfactory to Lessee and its counsel.

6.2 Certain Scheduled Items. Contemporaneously herewith, Lessee is purchasing the prepaid and other items identified on Schedule 4 at the carrying value thereof on the Books and Records of Lessor at the date hereof which value is set forth in such schedule.

6.3 Assumption of Certain Liabilities and Commitments. Lessee is assuming as of the date hereof, the amount reflected on the Books and Records of Lessor for the liabilities identified on Schedule 5 and assuming the commitments to supply cement from the Facilities as identified in Schedule 6. Lessor and Lessee shall execute and deliver to each other such

documents, in form reasonably acceptable to their respective counsel, as may be necessary to reflect the assumption of such liabilities and commitments by Lessee.

6.4 Estimated Payment. Contemporaneously herewith, Lessee is paying to Lessor an amount in cash in immediately available funds equal to eighty-five percent (85%) of the net amount estimated by Lessor to be payable for Inventories, plus the scheduled items identified on Schedule 4 hereof, and minus the accrued liabilities, if any, assumed by Lessee. The net amount paid to Lessor pursuant to this Paragraph 6.4 is \$_____ and is herein called the Preliminary Working Capital Payment.

7. ADJUSTMENTS AND SETTLEMENTS.

7.1 Inventory Adjustment. As soon as practicable after the date hereof, Lessor will cause a physical count of the Inventories to be made. Lessee and Lessor shall resolve any questions regarding such Inventories (with respect to the costing thereof or otherwise) and will agree upon such amounts on or before a date which is not more than thirty (30) days after the date hereof ("Adjustment Date"). If Lessee and Lessor are unable to agree as to such amount by the Adjustment Date they shall select a firm of independent public accountants to compute such amount in accordance with the provisions hereof. The cost of such accountants shall be shared equally by Lessor and Lessee.

7.2 Settlement and Payment of Balance. If the verification process referred to in Paragraph 7.1 above discloses

that the Preliminary Working Capital Payment was insufficient to compensate Lessor for amounts properly payable to it pursuant to this Section 7, Lessee shall pay Lessor on the Adjustment Date an amount in cash equal to such deficiency. If the Preliminary Working Capital Payment exceeds the amount properly payable to Lessor pursuant to this Section 7, Lessor shall pay Lessee on the Adjustment Date an amount in cash equal to such excess.

7.3 Property Tax Adjustment. No late than thirty (30) days after the final determination of real and personal property taxes for 1987 and installments of general or special assessments payable therewith, Lessee and Lessor will determine whether the amount of the prepaid or accrued taxes and assessments for 1987, if any, was the correct pro rata amount for the period of the year it purported to cover, and, if it was not, they will make such payments to each other as may be necessary to make it so. It is understood and agreed that Lessee is assuming installments of special assessments secured by Permitted Encumbrances payable in 1987 and years thereafter in addition to Lessee's pro rata share of such assessments.

8. EXPIRATION. On the date of the expiration or earlier termination of the Lease ("Expiration Date"), Lessee shall deliver a termination of Memorandum of Lease for recording in Seattle, Washington, and, unless this Lease shall be terminated pursuant to Paragraphs 2.12.1, 2.13.4 or 2.15, Lessee and Lessor agree that the following will occur:

8.1 Certain Payments. On the date of termination or expiration of the Lease under circumstances pursuant to which this Paragraph 8.1 is applicable, Lessee will transfer to Lessor Lessee's Inventories then located at the Facilities, certain scheduled items and alterations made by Lessee, and Lessor will assume certain Lease liabilities and commitments to supply cement from the Facilities, all as set forth in this Section 8.

8.1.1 Inventories. Lessee will transfer to Lessor, Lessee's Inventories situated at the Facilities on the Expiration Date at a value equal to lower of cost or market thereof as agreed by Lessee and Lessor pursuant to procedures similar to those referred to in Paragraph 7.1.

8.1.2 Certain Scheduled Items. Lessee will transfer to Lessor Lessee's prepaid and other items of the type generally identified on Schedule 4 at the carrying values thereof on Lessee's Books and Records at the Expiration Date.

8.1.3 Assumption of Certain Liabilities and Commitments. Lessor will assume, as of the Expiration Date, the amount reflected on Lessee's Books and Records for the liabilities of the type generally identified on Schedule 5 and Lessor will assume any then existing commitments to supply cement from the Facilities.

8.1.4 Warranties; Mobile Equipment. Lessee will transfer to Lessor for \$1 mobile equipment substantially equivalent in value to the Mobile Equipment on the date hereof. In connection with such transfer (as well as the transfer of the

Facilities from Lessee to Lessor), Lessee will represent and warrant to Lessor (or a purchaser of the Facilities), (a) that it has good title to such mobile equipment and any alterations free and clear of all Liens (other than inchoate Liens that are not delinquent and other Liens approved by Lessor), and (b) with respect to such other matters relating to Lessee's operation of the Facilities during the Term of the Lease in form substantially similar to Lessor's representations and warranties set forth in Paragraphs 4.3, 4.4 and 4.5, or as the parties may otherwise agree.

8.1.5 Estimated Payment.

(a) On the Expiration Date, Lessee will compute the estimated amount determinable pursuant to this Section 8 for Lessee's Inventories, plus certain scheduled items, and minus accrued liabilities assumed by Lessor.

(b) If the sum obtained pursuant to subparagraph (a), above, yields a positive dollar amount, such amount shall be paid by Lessor to Lessee on the Expiration Date. If such sum is a negative dollar amount, the absolute value thereof shall be paid by Lessee to Lessor on the Expiration Date. The net amount payable pursuant to this Paragraph is herein called the Preliminary Expiration Date Payment.

8.2 Adjustments and Settlement.

8.2.1 Access to Lessee's Books. As soon as practicable after the Expiration Date, Lessor will post all entries and close Lessee's Books as of the Expiration Date.

Thereafter, Lessee shall have full and complete access during normal business hours to Lessee's Books and such other records as may be necessary or appropriate for Lessee to verify the accuracy of the amounts shown on Lessee's Books. Lessor and Lessee shall resolve any questions regarding such amounts (with respect to costing or otherwise) and will agree upon such amounts on or before a date which is not more than thirty (30) days after the Expiration Date ("Final Payment Date").

8.2.2 Physical Inventory. Beginning on or about the Expiration Date Lessee and Lessor shall conduct a physical inventory of Lessee's Inventories in accordance with the provisions of Paragraph 8.1.1. The parties shall use their best efforts to complete such on or before the Final Payment Date.

8.2.3 Settlement and Payment of Balance. On the Final Payment Date Lessee and Lessor will determine whether the Preliminary Expiration Date Payment was an appropriate amount, and if it was not, they will make such payments to each other as may be necessary to make it so.

8.3 Accounting Practices. Lessor agrees that, as of the Expiration Date, Lessee's Books, insofar as they relate to the accounts of Lessee and to the amounts calculable as of the Expiration Date, will be prepared and maintained in accordance with the practices used by Lessee prior to the Expiration Date.

8.4 Delivery of Books and Records. On the date of termination of the Lease, for any reason, Lessee shall deliver to Lessor an accurate copy of (a) Lessee's Books and Records and (b)

all the drawings, documents, specifications, and other information and records of Lessee relating to the Facilities and which have not theretofore been disposed of or destroyed. Lessor shall permit (and shall use its best efforts to cause any purchaser of the Facilities to permit) Lessee and its agents to enter into the appropriate corporate offices of Lessor (or a purchaser of the Facilities), at their sole expense and at all reasonable times, so long as there is no unreasonable interference with the business of Lessor (or a purchaser of the Facilities), for the purpose of securing copies of such records, books, and documents, the testimony of employees and such other information as, in Lessee's judgment, may be reasonably necessary in connection with (i) the preparation of any report, filing or financial statement, or (ii) any litigation, controversy, or dispute, in each case, relating to Lessee's operation of the Facilities between the date hereof and the Expiration Date. The information provided by Lessor (or a purchaser of the Facilities) to Lessee shall be supplied without charge (other than reasonable duplicating expenses), and Lessor shall prepare (and shall cause a purchaser of the Facilities to prepare), upon reimbursement for its reasonable expenses (including appropriate salary and overhead allocations) and as an accommodation to Lessee but without any liability for the accuracy or completeness thereof, such reports and financial statements referred to as Lessee may reasonably request. Lessor will not dispose of or destroy any of Lessee's Books unless it shall give Lessee ninety (90) days

notice of the proposed disposal or destruction. Lessee shall have the right to obtain, at its sole cost, any records sought to be disposed of or destroyed by Lessor.

8.5 Property Tax Adjustment. No later than thirty (30) days after the final determination of real and personal property taxes relating to the Facilities for the calendar year in which the Expiration Date occurs, Lessee and Lessor will determine the correct pro rata amount for the period of the tax year before and after the Expiration Date, and they will make such payments to each other as may be necessary to reflect their respective shares thereof.

8.6 Other Terminations. If this Lease shall terminate pursuant to Paragraphs 2.13.1 or 2.13.4, Lessor shall, to the extent practicable, afford Lessee access to the Facilities and otherwise cooperate with Lessee in its efforts to conclude its involvement with the Facilities.

9. Indemnification.

9.1 Survival of Covenants, Agreements, Representations and Warranties. The rights of the parties to initiate any action for breach of any representation or warranty made by Lessee or Lessor hereunder or pursuant hereto or in connection with the transactions contemplated hereby shall survive for the Term hereof.

9.2 Indemnification of Lessor. Lessee shall indemnify and hold Lessor harmless from and against any and all damage, loss, cost, expense, obligation, claim or liability,

including costs of investigation and reasonable attorneys' fees ("Damages"), (a) arising out of or relating to Lessee's operation of the Facilities on and after the date hereof, or (b) suffered by Lessor as a result of the breach of, or failure to perform or satisfy any of, the representations, warranties, covenants and agreements made by Lessee in or under this Agreement and the other agreements, instruments and documents executed and delivered by Lessee in connection herewith.

9.3 Indemnification of Lessee. Lessor shall indemnify and hold Lessee harmless from and against any and all Damages (a) to the extent arising out of or relating to operation of the Facilities before the date hereof, or (b) suffered by Lessee as a result of the breach of, or failure to perform or satisfy any of, the representations, warranties, covenants and agreements made by Lessor in or under this Agreement and the other agreements, instruments and documents executed and delivered by Lessor in connection herewith.

10. MISCELLANEOUS.

10.1 Entire Agreement. This Agreement, together with the Schedules hereto constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, of the parties. No oral modification of this Agreement shall be valid or binding upon the parties hereto.

10.2 Governing Law. This Agreement shall be construed and enforced as if it were made, entered into and by its terms wholly to be performed within the State of Washington.

10.3 Assignment; Binding Effect. Subject to the provisions of Paragraph 2.16, this Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns, and no other person shall have any right, benefit, or obligation hereunder.

10.4 Notices.

10.4.1 Addresses. All notices, demands or other communications hereunder shall be in writing and shall be deemed to have been given if delivered in person or mailed by certified or registered mail or given by telegram, telex, telecopier or other facsimile transmission, addressed:

If to Lessor:	Lone Star Industries, Inc. One Greenwich Plaza Greenwich, CT 06836 Attn: Corporate Secretary
With a copy to:	Lone Star Industries, Inc. 5975 E. Marginal Way South Seattle, WA 98134 P.O. Box 1730 Seattle, WA 98111 Attn: President
If To Lessee:	Ash Grove Cement West, Inc. 5550 S.W. Macadam Avenue, Suite 300 Portland, OR 97201 Attn: President
With a Copy to:	Alan Wight Miller, Nash, Wiener, Hager & Carlsen 111 S.W. Fifth Avenue Portland, OR 97204

10.4.2 Change of Address. Any address or name specified above may be changed by notice given by the addressee to the other parties in accordance with Paragraph 10.4.1.

10.4.3 Effectiveness of Notices. Any notice, demand, or other communication shall be deemed given and effective as of the date of delivery in person or receipt set forth on the return receipt. The inability to deliver because of changed address of which no notice was given, or rejection or other refusal to accept any notice, demand or other communication, shall be deemed to be receipt of such notice, demand, or other communication as of the date of such inability to deliver or rejection or refusal to accept, provided that best efforts are used to insure that actual notice is promptly delivered.

10.5 Arbitration. In view of the complexity of this Agreement and the special relationship between the parties created hereby, this Agreement expressly provides for the referral of certain disputes to the Arbitrator for resolution. If a disagreement or dispute arises with respect to the proper interpretation of any other provision of this Agreement, the parties agree to meet and negotiate in good faith a mutually satisfactory resolution of the disagreement or dispute. If after thirty (30) days these efforts are unsuccessful, the matter will be referred to the Arbitrator for prompt resolution. Any determination by the Arbitrator pursuant to this Paragraph 10.5 shall be final, nonappealable, and binding on both parties, and

the fees and expenses of the Arbitrator shall be shared equally by Lessor and Lessee.

10.6 Expenses. Except as otherwise expressly provided herein, all expenses incurred by the parties hereto in connection with the authorization, preparation, and execution of this Agreement, the consummation of the transactions contemplated herein, and the performance of the obligations created hereunder shall be borne entirely by the party incurring such expenses.

10.7 No Consequential Damages. Except as provided otherwise in this agreement, no party to this Agreement shall be entitled to recover incidental or consequential damages arising from or relating to another party's breach of any of its covenants, agreements, representations, or warranties referred to in Paragraph 9.1, or otherwise.

10.8 Further Assurances. Each of the parties hereto shall execute and deliver to the other party hereto such other instruments as may be reasonably required in connection with the performance of this Agreement and the realization of the benefits hereof.

10.9 Estoppel Certificates. Lessor and Lessee each agree, upon ten (10) days prior written request by the other party hereto, to execute and deliver to the requesting party a written statement certifying that this Agreement remains an effective lease in good standing and confirming the absence of default by the other party hereto. Any such statement may be relied upon by prospective purchasers or mortgagees of the

Facilities or assignees of this Agreement. Neither party shall be required to execute any such statement which includes a provision requiring any third party to consent to an assignment hereof or to Lessee's sub-letting of the Facilities.

10.10 Multiple Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.11 Invalidity. In the event any one or more of the provisions contained in this Agreement or in any other instrument referred to herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not effect any other provisions of this Agreement or any other such instrument.

10.12 Headings. The section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.13 Disclaimer. Lessee acknowledges that it has had opportunity to examine the Facilities and the assets being sold pursuant hereto and Lessee hereby acknowledges that, except as otherwise set forth herein, said assets are leased and sold AS IS and WHERE IS. Except as set forth herein, Lessor makes no further warranties whatsoever, express or implied, with respect to the Facilities or the assets being sold hereby, including,

without limitation, warranties of merchantability or fitness for a particular purpose.

10.14 Waiver. A party may, at its option, waive in writing any and all of the conditions herein contained to which its obligations hereunder are subject and no such waiver shall be effective unless in writing.

10.15 Time of Essence. Time is the essence hereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their duly authorized officers in multiple counterparts, all as of the day and year first above written.

LONE STAR INDUSTRIES, INC.

BY _____

ITS _____

ATTEST:

ASH GROVE CEMENT WEST, INC.

BY George M. Well

ITS President

ATTEST:

Ernest W. White

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 1987, before me, a Notary Public in and for the State of _____, duly commissioned and sworn, personally appeared _____ and _____, to me known to be the _____ and _____, respectively, of LONE STAR INDUSTRIES, INC., the corporation named in and which executed the foregoing instrument; and they acknowledged to me that they signed the same as the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, being authorized to do so, and that the corporate seal affixed thereto is the seal of said corporation.

WITNESS my hand and official seal this _____ day of _____, 1987.

NOTARY PUBLIC in and for the State of _____
residing at _____
My commission expires: _____

STATE OF Oregon)
) ss.
COUNTY OF Multnomah)

On this 14th day of April, 1987, before me, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared George M. Wells and Earl W. Wheeler, to me known to be the President and Vice President & Treasurer, respectively, of ASH GROVE CEMENT WEST, INC., the corporation named in and which executed the foregoing instrument; and they acknowledged to me that they signed the same as the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, being authorized to do so, and that the corporate seal affixed thereto is the seal of said corporation.

WITNESS my hand and official seal this 14th day of April, 1987.

E. N. Smith
NOTARY PUBLIC in and for the State of Oregon
residing at Portland, Oregon

-54- My Commission Expires April 27, 1990

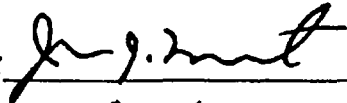
without limitation, warranties of merchantability or fitness for a particular purpose.

10.14 Waiver. A party may, at its option, waive in writing any and all of the conditions herein contained to which its obligations hereunder are subject and no such waiver shall be effective unless in writing.

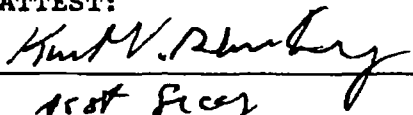
10.15 Time of Essence. Time is the essence hereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their duly authorized officers in multiple counterparts, all as of the day and year first above written.

LONE STAR INDUSTRIES, INC.

BY 
ITS S.R.V.?

ATTEST:


Asst Secy

ASH GROVE CEMENT WEST, INC.

BY _____
ITS _____

ATTEST:

STATE OF OREGON)
COUNTY OF Multnomah) ss.

On this 14th day of April, 1987, before me, a Notary Public in and for the State of OREGON, duly commissioned and sworn, personally appeared John J. Martin and Kurt V. Blankmeyer to me known to be the Sr. V.P. and Asst. Secy., respectively, of LONE STAR INDUSTRIES, INC., the corporation named in and which executed the foregoing instrument; and they acknowledged to me that they signed the same as the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, being authorized to do so, and that the corporate seal affixed thereto is the seal of said corporation.

WITNESS my hand and official seal this 14th day of April, 1987.

Lori Rollin
NOTARY PUBLIC in and for the State
of OREGON
residing at Portland
My commission expires: 7/4/87

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 1987, before me, a Notary Public in and for the State of _____, duly commissioned and sworn, personally appeared _____ and _____, to me known to be the _____ and _____, respectively, of ASH GROVE CEMENT WEST, INC., the corporation named in and which executed the foregoing instrument; and they acknowledged to me that they signed the same as the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, being authorized to do so, and that the corporate seal affixed thereto is the seal of said corporation.

WITNESS my hand and official seal this _____ day of _____, 1987.

NOTARY PUBLIC in and for the State
of _____
residing at _____

Schedule 1

Land

Description of the land on which the Facilities are located.

PARCEL A

That portion of the southwest quarter and the southeast quarter of Section 19, Township 24 North, Range 4 East, W.M. in King County, Washington described as follows:

Commencing at the center of said Section 19; thence south 00°24'18" east along the quarter section line, a distance of 1303.09 feet to the True Point of Beginning; thence north 89°42'22" west, a distance of 180.79 feet to the easterly line of West Marginal Way; thence south 10°25'13" east along said easterly line, a distance of 51.69 feet; thence south 88°38'30" east, a distance of 185.22 feet to a metal fence post as existed on January 11, 1985; thence south 38°14'58" east, a distance of 287.73 feet to a metal fence post; thence south 00°38'23" east, a distance of 16.22 feet; thence north 87°14'06" east, a distance of 277.43 feet; thence north 89°33'44" east, a distance of 241.00 feet; thence south 00°25'31" east, a distance of 18.36 feet; thence north 89°34'29" east, a distance of 207.73 feet; thence south 19°35'39" east, a distance of 412.87 feet to the north line of an easement for ingress and egress; thence north 89°31'42" east along said north line, a distance of 102.20 feet to the westerly margin of the Duwamish Waterway; thence north 19°35'39" west along said westerly margin, a distance of 572.48 feet; thence south 89°31'51" west, a distance of 180.39 feet; thence north 00°28'09" west, a distance of 154.78 feet; thence south 89°31'51" west, a distance of 785.04 feet to the True Point of Beginning.

Parcel B:

An easement and right-of-way for non-exclusive use for ingress and egress for all manner and kind of vehicular and foot traffic, as established by instrument recorded September 17, 1973 under Recording No. 7309170316, over,

along, upon and across that portion of the Southwest quarter and the Southeast quarter of Section 19, Township 24 North, Range 4 East, W.M., in King County, Washington, described as follows:

BEGINNING at the center of said Section 19;
thence South 00°24'18" East, a distance of 2,024.80 feet, along said quarter section line to the TRUE POINT OF BEGINNING;
thence North 89°31'42" East, a distance of 1,162.82 feet, to the Westerly margin of the Duwamish Waterway;
thence North 19°35'39" West, along said Westerly margin, a distance of 27.52 feet;
thence South 89°31'42" West, a distance of 1,211.69 feet, to the Easterly margin of West Marginal Way, as established under King County Superior Court Cause No. 128924;
thence South 10°25'07" East along said Easterly margin, a distance of 25.65 feet;
thence South 89°42'22" East, a distance of 53.50 feet to the TRUE POINT OF BEGINNING.

Parcel C:

Easements and rights-of-way for railroad spur tracks and appurtenances thereto as established by instruments recorded April 10, 1944 in Volume 2218 of Deeds, page 502, under Recording No. 3379020, recorded April 10, 1944 in Volume 2218 of Deeds, page 504, under Recording No. 3379021, and recorded April 27, 1944 in Volume 2224 of Deeds, page 301, under Recording No. 3383330; together with the right to extend said easements to the North line of the South 16.83 feet of Government Lot 7 in Section 19, Township 24 North, Range 4 East, W.M., as reserved in instrument recorded December 21, 1964 under Recording No. 5824664.

SCHEDULE 2

Mobile Equipment

1	Cat Lift #46	
<u>1</u>	Grove Crane	
1	Krane Kar	not at this site for several years per Stan W.
1	Krane Kar	
<u>1</u>	Cat Lift #46	
1	Portable Silo -	Sales Dept.

Aux feed wiring
Plant piping
3,094,000 for M & E [M
Equip F&F]

Schedule 3

Liens on the Land

1. Easement, including its terms, covenants and provisions as disclosed by Judgment on Verdicts;

Entered: March 11, 1919 in King County Superior Court
Cause No.: 128924
Ordinance No.: 38205
For: Changing and establishing street grades
Affects: That portion of said premises abutting West Marginal Way South

2. Easement, including its terms, covenants and provisions as disclosed by instrument;

In favor of: NORTHERN PACIFIC RAILWAY COMPANY
Recorded: October 20, 1942
Recording No.: 3271917
For: Railroad purposes (spur track)
Affects: A strip of land 17 feet in width across a portion of said premises and other property

The exact location and extent of said easement cannot be determined.

3. Easement disclosed on King County assessor's map;

For: Railroad purposes
Affects: The Westerly 17 feet of said premises and other property

4. Agreement, including its terms, covenants and provisions;
Between: KAISER CEMENT AND GYPSUM COMPANY; and
CITY OF SEATTLE

Recorded: April 16, 1975
Recording No.: 7504160555

For: Release of damages resulting from construction of a side sewer to connect a portion of said premises at a grade less than the minimum grade of (2%) two per cent required by Ordinance No. 97016, as amended, of the City of Seattle

5. Covenants, conditions and restrictions contained in instrument;

Recorded: September 17, 1973
Recording No.: 7309170316

The same are as follows:

That the Premises will be utilized for industrial purposes and that such use will initially be made by Grantee or by other members of the KAISER family of companies, their subsidiaries or affiliates, and will include utilization of improvements and developments heretofore made on the premises by Grantee. Grantee hereby warrants that costs exceeding FOUR MILLION DOLLARS (\$4,000,000.00) were incurred in the construction of cement silos and other waterborne finished cement handling, loading and docking facilities; and

Schedule 3 Continued

Liens on the Land

That the Premises will be devoted continuously to the uses specified in this instrument, except in the event of unavoidable interruption, in a manner intended generally to benefit and stimulate commercial activity within the Lower Duwamish Industrial Development District and King County, Washington. In furtherance of the foregoing Grantee covenants that maritime transportation both for the movement of materials to the Premises and for the shipment of materials from the Premises shall be employed except during such times as such transportation may be economically unfeasible or contrary to the primary objectives set forth in the preceding sentence and subparagraph; and

That Grantee shall, within one (1) year from the date of the above-mentioned Real Estate Contract covering the Premises devote the Premises to the foregoing use, or shall commence work on improvements on the Premises necessary to devote it to such use, and if Grantee shall fail to do one of the foregoing, Grantor may cancel the Contract and this Deed and return to Grantee the money theretofore paid on the purchase price, and title to the Premises and appurtenances shall revert to Grantor. Grantee shall not transfer title to the Premises within one (1) year from the date of the Contract.

6. General taxes payable after February 15, which become delinquent after April 30, if first half not paid;

Year:	1987
Amount:	\$121,087.97
Tax Account No.:	192404-9029-05
Excise Tax Rate:	1.32%, which is subject to change without notice
Levy Code/Area:	0010/Seattle
Affects:	Said premises

8. Impairment of the easterly 350 feet, more or less, of the easement and right-of-way shown in Parcel B of Schedule A by a chain link fence, as disclosed by survey prepared by Harstad Consultants on April 10, 1987, Job No. 84068.

SCHEDULE 4

Prepaid Items

Real property and personal property taxes in connection with the Facilities.

SCHEDULE 5

Liabilities/Contracts

1. Track Agreement between Kaiser Cement and Gypsum Corporation and Northern Pacific Railroad Company for the construction, maintenance and operation of a track covering the W. Marginal Way Facility. Agreement is effective January 22, 1968, with no termination date.
2. Agreement between Seattle Department of Lighting and Kaiser Cement and Gypsum Corporation for the installation of electricity at dock site dated January 23, 1967. No termination date.
3. Weight Agreement No. 4630 issued by the Transcontinental Freight Bureau to Kaiser Cement & Gypsum Corporation setting forth a weighing and inspection procedure for cement shipments. Agreement is dated February 1, 1977, and may be terminated by either party on ten days' notice. Assigned to Lone Star.
4. Maintenance Agreement between Kaiser Cement Corporation and Profit Systems, Inc. for the maintenance of a Canon Copier at the W. Marginal facility, commencing December 2, 1986, and expiring December 2, 1987. Assigned to Lone Star. The Agreement is automatically renewed for a similar term unless cancelled 60 days prior to the end of the current term.
5. In addition to the commitments and quotes in Schedule 6, orders have been placed for two shiploads of cement from Ube, Japan to Seattle for approximate delivery on April 12, 1987, and May 12, 1987, of type I and type II cement. Each shipment will be approximately 20,000 metric tons. The first shipment will be a blended price based upon 8,000 metric tons at \$33.35 CNF per metric ton and 12,000 metric tons at \$35.35 CNF per metric ton. The second shipment will be at a price of \$32.35 CNF per metric ton.

Schedule 6

Commitments To Supply and Quotes Outstanding

<u>Account</u>	<u>Job</u>	<u>Tons</u>	<u>Price (Gross)</u>
Asamera	Wenatchee Mine (quoted)	4-15,000 +	\$40.05 del. Seattle *
Atkinson Construction	Metro Tunnel (quoted)	4,500	\$53.00 del. II \$59.00 del. III
Cascade Materials	Madigan Hospital	16,000 +	\$45.00 Seattle
Cascade Materials/ Penninsula Industries	Madigan Hospital Lightweight	2,000	\$47.00 Seattle
Halliburton	Metro Granting	1,300	\$52.00 del. \$ 4.15 sack del.
Juneau R/M	Snettisham Dam 2 ton bags	2,500	\$74.00 del. Seattle \$76.60 del. Kenmore
Utility Vault	Auburn (quoted) Everett (quoted)	Req. Req.	\$56.00 del. + 6.00* \$56.20 del. + 6.00*
Northwest Construction	Seatac Airport	2,600	\$46.00 Seattle
	Fort Lewis RCC	2,000	\$54.60 del.

*6.00 premium, Type III

* Lessor to reimburse Lessee for difference between \$42.00 per ton and price to Asamera.

SCHEDULE 7

Environmental Permits, etc.

Lone Star is in the process of getting transferred a permit issued by Puget Sound Air Pollution Control Agency to Kaiser Cement Corporation dated May 24, 1979, permitting the construction, installation or establishment of dock site unloaders. A subsequent application for revision to the ship unloading facility dated September 17, 1980, resulted in the issuance of a second permit dated October 2, 1980.

SCHEDULE 8

Adjacent Property

PARCEL B

That portion of the southwest quarter and the southeast quarter of Section 19, Township 24 North, Range 4 East, W.M., in King County, Washington, described as follows:

Commencing at the center of said Section 19: thence south $0^{\circ}24'13''$ east 1303.09 feet along the quarter section line to the True Point of Beginning: thence north $89^{\circ}42'22''$ west 180.79 feet to the easterly line of West Marginal Way: thence south $10^{\circ}25'13''$ east along said easterly line 734.46 feet: thence south $89^{\circ}42'22''$ east 53.05 feet to the west line of Government Lot 6 in said section: thence north $89^{\circ}31'42''$ east 1162.82 feet: thence north $19^{\circ}35'39''$ west 600 feet along the west margin of Duwamish Waterway: thence south $89^{\circ}31'51''$ west 180.39 feet: thence north $0^{\circ}28'09''$ west 154.78 feet: thence south $89^{\circ}31'51''$ west 785.04 feet to the True Point of Beginning:

Except that portion thereof described as follows:

Beginning at the center of said Section 19: thence south $0^{\circ}24'18''$ east 2024.80 feet along said quarter section line to the True Point of Beginning: thence north $89^{\circ}31'42''$ east 1162.82 feet to the westerly margin of the Duwamish River: thence north $19^{\circ}35'39''$ west along said westerly margin 27.52 feet: thence south $89^{\circ}31'42''$ west 1211.69 feet to the easterly margin of West Marginal Way Southwest: thence south $10^{\circ}25'13''$ east along said easterly margin 25.65 feet: thence south $89^{\circ}42'22''$ east 53.05 feet to the True Point of Beginning.

Together with a perpetual easement and right of way for non-exclusive use for ingress and egress for all manner and kind of vehicular and foot traffic, over, along, upon and across the excepted area legally described in the preceding subparagraph, which easement shall be and remain an easement appurtenant to the property above described in the preceding main paragraph:

And together with perpetual easement rights acquired from Duwamish Shipyards, Inc. "As Purchaser Under Contract No. 7229 from King County, Washington" by Easement Deed dated November 12, 1943, filed April 10, 1944, as recorded on page 504, volume 2218 of deeds, King County Washington, and acquired from King County "As Seller Under that Contract No. 7229" by Easement Deed dated April 24, 1944, recorded on page 301, volume 2224 of deeds, King County, Washington:

And together with easement rights acquired from General Construction Company, Seattle, Washington, by Easement Deed dated November 12, 1943, as recorded April 10, 1944, in volume 2218 of deeds, page 502, in King County, Washington:

Together with the spur track easement rights reserved to the Port of Seattle its successors and assigns, in the certain deed dated December 11, 1964, and recorded December 21, 1964, under Auditor's File No. 5824664, to extend the easements referred to in the two preceding paragraphs across north 41.25 feet of the south 58.08 feet of Government Lot 7, Section 19, Township 24 North, Range 4 East, W.M., in King County, Washington:

Except that portion thereof described as follows:

Commencing at the center of said Section 19: thence south $00^{\circ}24'18''$ east along the quarter section line, a distance of 1303.09 feet to the True Point of Beginning: thence north $89^{\circ}42'22''$ west, a distance of 180.79 feet to easterly line of West Marginal Way: thence south $10^{\circ}25'13''$ east along said easterly line, a distance of 51.69 feet: thence south $88^{\circ}38'30''$ east a distance of 185.22 feet to a metal fence post as existed on January 11, 1985: thence south $38^{\circ}14'58''$ east a distance of 287.73 feet to a metal fence post: thence south $00^{\circ}38'23''$ east, a distance of 16.22 feet to a metal fence post: thence north $87^{\circ}14'06''$ east, a distance of 277.43 feet: thence north $59^{\circ}33'44''$ east, a distance of 241.00 feet: thence south $00^{\circ}25'31''$ east, a distance of 18.36 feet: thence north $89^{\circ}34'29''$ east, a distance of 207.73 feet: thence south $19^{\circ}35'39''$ east, a distance of 412.87 feet to the north line of the previously described exception: thence north $89^{\circ}31'42''$ east along said north line, a distance of 102.20 feet to the westerly margin of the Duwamish Waterway: thence north $19^{\circ}35'39''$ west along said westerly margin, a distance of 572.48 feet: thence south $89^{\circ}31'51''$ west, a distance of 180.39 feet: thence north $00^{\circ}28'09''$ west, a distance of 154.78 feet: thence south $89^{\circ}31'51''$ west, a distance of 785.04 feet to the True Point of Beginning.